

BC Operating, Inc.				
Authorization for Expenditure				
Well Name: Southern Comfort 25-36 State Com X #2H		Prospect: Wolfcamp - No Pilot Hole, 7,500' Lateral		
Stim Interval: 6,002'	County: Eddy		ST: NM	
Gallons / ft: 2,303			Prop. Depth: 17,750' MD	
Lbs / ft: 2,552	Horizontal TVD: 9,750'	Township: 24S	Range: 28E	

INTANGIBLE COST	Code	TCP	Code	CC-ACP
Legal: Drilling Title Opinion		\$25,000		
Location, Roads, Conductor, Damages, ROW, Frac Pit		\$100,000		\$4,000
Day work Drilling Cost: \$14,500/day 30 Days TCP, 3 Days ACP		\$435,000		\$43,500
Fuel \$3,500/day		\$105,000		\$10,500
Mud		\$85,000		\$0
Cementing: 13-3/8", 9-5/8", 7" Casing, 4-1/2" Liner		\$90,000		\$40,000
Logging: Gyro, Cased Hole CBL, Perforating		\$2,500		\$161,700
Casing Crews, Laydown Machine		\$25,000		\$20,000
Mud Logging and Geosteering		\$25,300		
Stimulation: Pressure Pumping Service				\$3,551,380
Stimulation: Surface Rentals, Transfer Services, etc.				\$131,755
Water		\$35,000		\$398,000
Bits		\$90,000		\$0
Drill String Inspection/damage repairs		\$5,000		\$35,000
Rig Mobilization		\$95,000		
Transportation: Surf. CSG, Surface Rentals, Prod. CSG, Drill pipe, etc.		\$30,000		\$0
Directional Drilling 23 days at \$7,000/day		\$175,000		
Surface Rentals: \$4,000/day		\$120,000		\$12,000
Sub Surface Rentals: Drill Pipe, Stabilization, Mud Motor, etc.		\$55,000		\$0
Overhead		\$5,000		\$5,000
Supervision		\$96,000		\$47,100
Welding, Cut off Casing, Set Slips, etc.		\$9,000		\$3,000
Flow back crew and Iron				\$67,000
Pulling Unit/Completion Unit				\$5,500
Testing BOP/Nipple up Crews		\$12,000		\$7,500
Drill String Corrosion		\$8,000		
Trucking Clean Pits, SWD, Solids Disposal		\$100,000		\$75,000
Float Equipment		\$18,000		\$0
Coil Tubing and N2				\$111,500
Battery, Flowline, Electric Line Installation				\$14,430
Contingencies 5% TCP 5% CC		\$87,290		\$39,724
TOTAL		\$1,833,090		\$4,783,589

TANGIBLE	Code	TCP	Code	CC-ACP
Surface Casing: 13-3/8" J-55, 54.5#, BTC; 400ft at \$24.00/ft		\$9,600		
Intermediate Casing: 9-5/8" 36# J-55, BTC; 2,500ft @ \$20.00/ft		\$50,000		
Production Casing: 7" 26#, P-110; 10,250ft, BTC @ \$20.00/ft		\$205,000		
Production Liner: 4-1/2" 11.6#, P-110, BTC 8,000ft @ \$11/ft		\$88,000		
Tubing: 2-7/8" 6.5# L-80; 10,000 ft @ \$3.5/ft				\$35,000
Wellhead		\$21,000		\$14,250
Down hole Equipment: Gas Lift Valves and Packer				\$34,960
Liner Hanger				\$55,000
Telemetry				\$52,951
Tanks and Other pressure vessels				\$93,740
Separators- Heater Treater				\$30,107
Pad Construction				\$15,000
Flowline Equipment				\$3,500
Valves, Connections, Fittings				\$36,396
Electrical Connections				\$33,875
TOTAL		\$373,600		\$404,779
TOTAL TANGIBLE AND INTANGIBLE		\$2,206,690		\$5,188,368
TOTAL WELL COST				\$7,395,058

Created by: Jason Goss / Art Carrasco

Date: 12/22/2016

Joint Owner: _____

Joint Owner Approval: _____

By: _____

Date: _____